

May 13, 2003

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE PURCHASE OF PROPERTY INSURANCE FOR THE
COMMUNITY DEVELOPMENT COMMISSION AND HOUSING AUTHORITY
(ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD AS GOVERNING BODY OF THE
COMMUNITY DEVELOPMENT COMMISSION:**

1. Approve the purchase of all risk property insurance, excluding earthquake coverage, for the Community Development Commission, inclusive of the Housing Authority, at a premium cost not to exceed \$284,000, to cover the period from May 15, 2003 to June 30, 2004, through the Commission and Housing Authority's insurance broker, Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the all risk property insurance, using funds contained in the 2002-2003 and 2003-2004 Fiscal Year budgets of the Commission and the Housing Authority.

IT IS RECOMMENDED THAT YOUR BOARD AS GOVERNING BODY OF THE HOUSING AUTHORITY:

1. Approve the purchase of all risk property insurance, excluding earthquake coverage, for the Housing Authority, inclusive of the Community Development Commission, at a premium cost not to exceed \$284,000, to cover the period from May 15, 2003 to June 30, 2004, through the Commission and Housing Authority's insurance broker, Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the all risk property insurance, using funds contained in the 2002-2003 and 2003-2004 Fiscal Year budgets of the Commission and the Housing Authority.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase property insurance coverage for the Commission and the Housing Authority under a Joint Purchase Program formed by the Driver Alliant Insurance Services, Inc. The proposed purchase of property insurance will provide required coverage for the Commission and the Housing Authority.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total premium cost, not to exceed \$284,000, will be paid from funds included in the 2002-2003 approved budget and the 2003-2004 Proposed Fiscal Year budget of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, your Board approved the purchase of all risk property insurance under a Joint Purchase Program provided by Robert F. Driver Company, Inc., whose name changed to Driver Alliant Insurance Services, Inc. in March 2002. The program combines the purchasing power of public agencies to obtain property insurance at rates below those available individually. Over the past several years, the program has grown from 17 to over 4,000 nationwide participants. Forty insurance carriers, which are all rated A Superior to Excellent by Best's Key Rating Guide, underwrite the program. There is no sharing of limits or risk under the program, and each participant is protected to the same extent as if separate policies had been written.

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Based on values of \$208,510,473 the current premium is \$241,129. Renewal of coverage under the Joint Purchase Program will be at a cost of \$284,000, representing an increase of \$42,871. The change is due to an increase in property insurance premiums worldwide following the tragedy of September 11, 2001, and to increased values of Commission and Housing Authority properties. In addition, the current coverage will be extended an additional 45 days, so that the renewal date for this policy will in the future correspond with other Commission and Housing Authority insurance policies. The all risk replacement coverage is subject to a \$25,000 property deductible.

A portion of the premium will be paid to Driver Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

The new insurance does not include earthquake coverage, due to the high cost. Moreover, the Commission and the Housing Authority are not eligible to participate in the State of California Earthquake Program, which is designed for California homeowners, and not for commercial insurance.

County Counsel has reviewed this letter. On April 23, 2003, the Housing Commission recommended approval of these actions.

IMPACT ON CURRENT SERVICES/PROGRAMS:

The proposed insurance will provide required all risk replacement cost coverage on all Commission and Housing Authority properties.

Respectfully submitted,

CARLOS JACKSON
Executive Director